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C O N F I D E N T I A L KUWAIT 000839

SIPDIS

STATE FOR NEA/IR, NEA/NGA, NEA/ARP

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TAGS: [ENRG](#) [PREL](#) [ECON](#) [IZ](#) [KU](#)

SUBJECT: (C) IRAQ - KUWAIT ELECTRICITY COOPERATION

Classified By: CDA Frank Urbancic; Reason 1.4 (b,d).

11. (C) Ambassador met with the Kuwaiti Minister of Energy and the Iraqi Minister of Electricity in Kuwait March 8. According to the Minister of Energy, Shaykh Ahmed al-Fahd, the Kuwaiti Council of Ministers gave approval in principle on February 29 for construction of a power plant to serve Iraq, as a foreign investment project, not/not a GOK project. Shaykh Ahmed al-Fahd urged that the American-led team get its application to the Minister of Commerce (repeat Commerce) as soon as possible. (FYI, sometime back, Iraq signed an exclusive supply agreement with JHS Associates. The licenses are a matter solely between JHS and the GOK; the GOI is not directly involved. We do not have any information regarding purported rival plan(s), and the Iraqi Minister of Electricity denies ever hearing of any. End FYI.) The application should cover two parts of the puzzle: the power plant itself and the transmission lines. The Minister of Energy assured the Ambassador and the Iraqi Minister of Electricity that Commerce will approve the application without delay.

12. (C) After the meeting, the Iraqi Minister of Electricity met alone with JHS's local associate, Fouad Al-Ghanim, and discussed particulars. Al-Ghanim and other JHS officials, who will arrive in the morning, were to follow up March 9 with the Kuwaiti Minister of Energy. According to the Minister of Electricity, who phoned the Ambassador from the meeting, Al-Ghanim assured him that the application would be prepared in two to three days. (FYI, Embassy is setting up a meeting for the Ambassador with Commerce Minister Abdullah al-Taweel o/a March 18. We will also monitor progress on the application's path through the bureaucracy. End FYI.)

13. (C) The Minister of Electricity also raised the issue of pricing, which he thought would be a problem since standard Kuwaiti prices for electricity are higher than those called for in Iraq's contract with JHS. He asked Ambassador Jones to intervene on this issue. The Ambassador said that he would follow up with the Minister of Energy either by phone or letter. (FYI: On returning to Baghdad Ambassador Jones was advised by CPA's Senior Advisor for Electricity, who had been in direct contact with JHS, that Kuwait's price for electricity is not, repeat not, an issue. As a result, the Ambassador has not contacted the Kuwaiti Minister of Energy on this issue and does not intend to do so at this time.)

14. (C) COMMENT: At this time, the ball is in JHS's court to file the necessary applications for approval of its proposed investment. Once this happens, it will be appropriate for US officials to support these applications. CPA is in direct contact with JHS and will advise as soon as the applications have been submitted.

15. (U) Baghdad minimize considered.  
URBANCIC